



Affordable Housing

Guidance Note for Central Bedfordshire (South Area)

**DRAFT
FEBRUARY 2016**

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1. Purpose of the document

- 1.1 This document is a guidance document *which has been endorsed as planning guidance* by the Council's Executive on 5th April 2016. It has been produced as interim guidance, and shall apply until such time as the Central Bedfordshire Local Plan reaches submission stage and its emerging affordable housing policy carries sufficient weight.
- 1.2 The Affordable Housing Guidance Note provides guidance to support the determination of planning applications for those parishes that formerly made up South Bedfordshire District Council. The South Bedfordshire Local Plan 2004 (Appendix A) remains adopted development plan for this area and Policy H4 Affordable Housing remains the extant policy.. Figure 1 shows the parishes in Central Bedfordshire that this guidance is applicable to.
- 1.3 This guidance is concerned with the percentage of affordable housing required and is not intended to provide detailed advice around the procedures related to the implementation of affordable housing policy.

2. Summary of Policy Update

- 2.1 The requirement for affordable housing provision in the South of Central Bedfordshire is **30%** on all qualifying sites of **4 dwellings** and above. Sites of 4 dwellings should include one affordable dwelling.
- 2.2 This guidance has been produced because policy H4 of the South Bedfordshire Local Plan is now out of date in relation to current evidence and national planning policy (The National Planning Policy Framework, 2012) that has been subsequently introduced.
- 2.3 Having reviewed national planning policy and current evidence this guidance reflects the current position and will be translated into any emerging affordable housing policy as part of the new Central Bedfordshire Local Plan. The following sections provide context to the approach taken in this guidance.

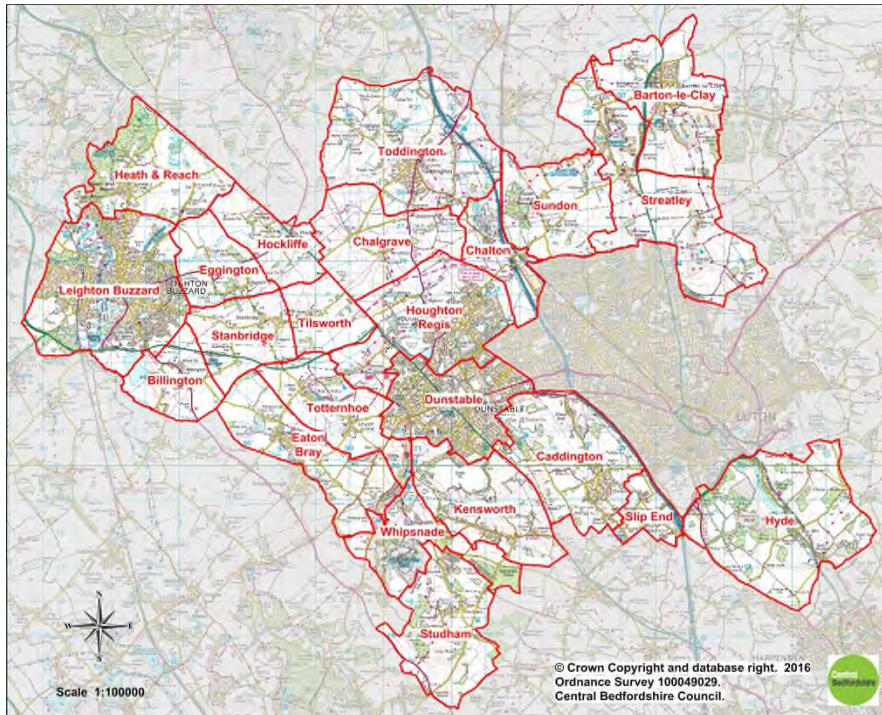


Figure 1

3. National Policy Context

3.1 Paragraph 14 of the NPPF makes it clear that

“...where the development plan is absent, silent or relevant policies are out of date...” then planning permission should be granted unless the “adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole; or specific policies in this Framework indicate that development should be restricted”.

It is clear that the affordable housing policy (H4) in the South Bedfordshire Local Plan is out of date and that paragraph 14 of the NPPF is therefore engaged because:

- Policy H4 is not based on up to date evidence on housing need and has not been formulated in accordance with the NPPF and PPG
- Policy H4 is inconsistent with the NPPF as it limits housing supply

3.2 Policy H4 therefore carries limited weight as it does not enable the Council to boost the supply of housing as per the requirements of paragraph 47.

“To boost significantly the supply of housing, local planning authorities should:

- *use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area”.*

- 3.3 Similarly it does not allow the Council to meet the stipulations of paragraph 50 of the NPPF.

“To deliver a wide choice of high quality homes, widen opportunities for home ownership and create sustainable, inclusive and mixed communities, local planning authorities should:

- *Where they have identified that affordable housing is needed, set policies for meeting this need on site....”*

- 3.4 National planning policy therefore supports the need of the local authority to provide guidance on affordable housing based on up to date evidence of housing need.

4. Local Policy Background

- 4.1 Central Bedfordshire Council is a unitary authority that is comprised of two legacy district councils (Mid Bedfordshire and South Bedfordshire) and functions of the former County Council. Two adopted development plans for the north and south of the authority area therefore remain in place until a plan for the whole of Central Bedfordshire can be sufficiently progressed.
- 4.2 This guidance note applies to the south of Central Bedfordshire as illustrated by the map at Figure 1.
- 4.3 The following table provides a summary of the planning background in the authority area in relation to affordable housing. It demonstrates that 30% or in excess of that has been sought as an affordable housing target since 2005; with the threshold of 4 or more dwellings having been in place since 2011.

Date of Endorsement or Adoption	North of Central Bedfordshire (area formerly known as Mid Bedfordshire District Council)	South of Central Bedfordshire (area formerly known as South Bedfordshire District Council)
2004		South Bedfordshire Local Plan Policy H4 Requirement of 20% of dwellings (in preceding text) on a qualifying threshold of 25+ dwellings or 1ha
2005		South Bedfordshire Affordable Housing Guidance endorsed by SBDC Executive Requirement of 35% affordable on same qualifying threshold
2009	North Core Strategy Adopted Requirement of 35% affordable on sites of 4 and above	

2011		Joint Core Strategy with Luton endorsed by the CBC's Executive Committee for development management purposes following withdrawal of that plan. Requirement of 35% affordable on sites of 15 dwellings or more in the Dunstable/Luton/Houghton Regis conurbation and on 4 or more in all other areas in the south
May 2014		The now withdrawn (2015) Development Strategy was endorsed at Executive for use for Development Management purposes and to supersede the Joint Core Strategy Policies previously in use. Requirement of 30% affordable on sites of more than four. On sites of 4 , one dwelling is required to be affordable.

4.4 Within the preamble to policy H4 of the South Bedfordshire Local Plan, a target of *not less than 20%* affordable housing on all qualifying sites is set. In view of this, it is considered that the Council's approach in now seeking a target in guidance of 30% based on up to date evidence is entirely reasonable.

4.5 The note to policy H4 states:

"The District Council will regularly monitor the need for affordable housing in the District. The level of need and tenure preference is likely to vary over time and from location to location. Working from the basis of the guidelines in this plan, the most up to date data available will be used to determine the precise number of affordable dwellings needed in a particular location or on a particular site".

4.6 In view of these caveats, policy H4 is therefore in compliance with Paragraph 50 of the NPPF which states that "*Such [affordable housing] policies should be sufficiently flexible to take account of changing market conditions over time*". In the first instance Policy H4 itself is not directive, because the percentage is not stated within the policy itself and overall it was recognised in the Plan, even prior to the provisions of the NPPF that affordable housing policy should be predicated on the most up to date evidence on housing need.

5. Summary of Affordable Housing Need in Central Bedfordshire

Overview

5.1 The Council is strongly committed to providing everyone with the opportunity of a decent home and to providing affordable housing which meets demonstrated local needs.

- 5.2 Evidence of local need shows a continuing shortfall of affordable housing in Central Bedfordshire. A variety of demographic and social factors, coupled with pressures generated by economic growth and in-migration mean that a substantial number of households are unable to rent or buy in the open market.

The Strategic Housing Market Assessment 2015

- 5.3 In order to further quantify this need, Opinion Research Services (ORS) completed an update to the Council's Strategic Housing Market Assessment (SHMA) in 2015. This most recent assessment of housing need and its findings should be considered a material consideration in planning decisions.
- 5.4 The study concluded that there is an overall need for 29,500 housing units per annum of all types and tenures up to 2031. ORS recommend that 7400 of these units should be affordable housing, equating to 27% of overall housing need based on demographic growth (see extract at Appendix B).
- 5.5 ORS also considered the need for different tenures of affordable housing and concluded that split based on 73% affordable rent and 27% intermediate tenure would be required.
- 5.6 The higher level of need that the ORS study has demonstrated means that a broadly matched target of 30% is an appropriate percentage for negotiation on planning application sites. This affordable housing target also applies to conversions to provide units of residential accommodation, as well as new residential developments.

Viability Evidence

- 5.7 In 2014, the Council commissioned Three Dragons to undertake a refresh to existing viability work that had been produced to underpin the Community Infrastructure Levy (CIL) Draft Charging Schedule. As part of this evidence study, affordable housing provision at 30% on sites of 4 or more was tested and used as a local policy requirement in all scenario testing. The results of this showed that that provision at this percentage and threshold was viable across a range of sites when a CIL charge was applied to them.

6. Overview of Affordable Housing Target

- 6.1 While the status of this is planning guidance, the Council has resolved that the indicative target of 30% of new dwellings on qualifying sites (4 or more dwellings) to be affordable should be sought for the purpose of planning applications. The guidance is based on the following evidence:
- The evidence of housing need set out in the SHMA 2015

- The NPPF
- Viability Evidence produced to support the Council's Draft Charging Schedule

- 6.2 The Council's preference is for developers to provide fully serviced land on site, at no cost to the affordable housing provider. Use of alternative mechanisms should be fully justified with evidence that this would not prejudice the level of delivery of affordable homes.
- 6.3 Provision of fewer affordable homes may exceptionally be considered on sites only if the applicant produces evidence to demonstrate that to provide the full amount would make the scheme unviable.
- 6.4 A developer must however, take affordable housing provision into account when negotiating the purchase of land. It is a principle of this guidance that affordable housing is not an abnormal development cost, even in situations where public subsidy is not available.

Off-Site Contribution

- 6.5 It is anticipated that a site suitable for housing will also be suitable to provide affordable housing on site. The presumption will be that provision of affordable should be made on the development site itself. It would only be in very exceptional circumstances that an alternative to on site provision would be appropriate.
- 6.6 Off-site provision or a financial contribution in lieu of on site provision may be acceptable where it can be robustly justified, but such occasions will be rare. Commuted sums will be calculated on the basis of 50% of the open market units provided in order to maintain parity with on-site provision within the same settlement.
- 6.7 The order of preference of form of affordable housing which the Council will require is as follows:
- On site provision
 - Part on site and part off site/commuted payment
- Off site:
- Provision by applicant, developer or RSL
 - Commuted payment
 - Transfer of land
- 6.8 Where a developer/landowner considers that exceptional circumstances exist for affordable housing to be provided off-site, this will need to be demonstrated to the Council. Details of the following will need to be submitted:
- A detailed explanation of why off site provision is considered more appropriate.

- Details of the alternative proposed i.e. alternative site within the same settlement and/or financial payment in lieu of on site provision.

Design

- 6.9 In the interest of providing mixed and sustainable communities, the schemes should create tenure blind developments. Affordable housing should therefore be constructed and designed to the same standard as market housing and should be fully integrated into the development.
- 6.10 Within large housing developments, the affordable housing must be scattered through the development, or in small clusters. Modest sized clustering will negotiated with the applicant and is dependent on unit types, scheme design and the size of the site. As a general rule however the affordable housing units should be provided in clusters of no more than 10 -15 units for houses, and 10-20 units for flats.
- 6.11 It is expected that affordable housing will be let in accordance with the Council's allocation scheme and enforced through an agreed nominations agreement with the Council. All units must as a minimum meet any nationally described technical standards.

7. Pre-application Advice

- 7.1 Negotiations with developers to deliver affordable housing will seek to ensure that affordable housing will:
- Meet identified local needs both initially and subsequently
 - Be affordable both initially and subsequently
 - Comply with the design and specification requirements of Registered Providers (RPs).
 - Be integrated with the market housing
- 7.2 The Council encourages developers to meet their affordable housing obligations by forming partnerships with RPs, particularly those who have an existing development role in the district. These RPs have existing local infrastructure, such as housing management, and have established levels of service and unit allocation arrangements with the Council. It is appropriate that discussions with an RP should start at pre-application stage.
- 7.3 Council planning officers can offer the following service at pre-application stage:
- Interpretation and advice of planning policy and guidance, and what this means for an individual site.
 - Assist in calculating the required amount and mix of affordable housing.

- Advise on the standard and quality of the proposed housing, design, layout and other development control matters.

Key Contacts

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Appendix A - Extract from the South Bedfordshire Local Plan 2004

The Provision of Affordable Housing

- 6.1 Both PPG3 and Circular 6/98 "Planning and Affordable Housing" state that a community's need for affordable housing is a material planning consideration. The District Council has commissioned Housing Needs Surveys which have demonstrated that many local residents are unable to afford housing at market rates despite the recent provision of smaller units at higher densities in many locations in the District. There is strong evidence that many local residents are unable to compete in the housing market with in-migrants from higher priced housing areas. This has caused problems of accessibility to housing which have been exacerbated by low levels of availability of affordable private rented housing in the District, the absence of new local authority housing and the supply of new social housing falling behind losses of Council housing through the "Right to Buy" provisions.
- 6.2 The results of the Council's District-wide Housing Needs Survey indicated high levels of housing expectation which were not backed up by the ability to buy into the housing market. The most recent District-wide Housing Needs Survey - published in March 2000 - concluded that while there was more than adequate supply to meet the overall housing requirements in South Bedfordshire, there was a large shortfall of affordable accommodation in both the rented and the "for sale" sectors. The Fordham Housing Needs Survey, (March 2000), indicates that an additional 4,300 homes are required to 2011 if the Council is to meet all of the current and projected affordable housing need. In 1999 the survey indicated that 2,151 affordable homes were needed. Average annual household income in South Bedfordshire in 2002 was £24,333 but the average income needed to secure a property was £43,483.
- 6.3 The results of this survey and future similar surveys, together with the Council's Housing Register (which indicates a significant need for affordable rented accommodation throughout the District), have been and will continue to be used to identify the level of affordable housing required in the various parts of the District.
- 6.4 The District Council recognises that the precise level of requirement for affordable housing will change over time and from area to area. The figures set down in this plan are intended to inform land owners and potential developers of the level of provision of affordable housing that they will be expected to meet in South Bedfordshire.
- 6.5 The Fordham Housing Needs Survey indicated that 4,300 affordable homes would be needed in South Bedfordshire District between 1999 and 2011, of that 4,300 the consultants estimated that 2,151 households were in immediate or urgent need of affordable housing, equating to 60% of the housing provision still to be made in the District up to 2011. Analysis of the Council's Housing Register indicates that 655 households are categorised as being in priority need, including those households that are homeless; those that are in overcrowded accommodation or accommodation that lacks facilities, or where facilities such as bathrooms, cooking facilities or internal WCs have to be shared. This figure tends to confirm the Fordham Housing Needs Survey finding that 67.6% of existing households in housing need will not be known to the Council because they do not appear on the Council's

Housing Register. The Fordham Housing Needs Survey recommends that the level of housing need identified in South Bedfordshire warrants seeking 30% contribution on suitable sites. Given the scale of housing need, the capacity of sites allocated for development in the plan, together with the possibility of some larger windfall sites coming forward for development and taking account of the level of contribution likely to be made by low cost market housing, the Council's own housing stock and other sources of housing provision, the District Planning Authority considers that it is justified in seeking the provision of not less than 20% of affordable housing on suitable sites. This indicative target figure is intended to form a basis for negotiation with developers. Suitable sites will normally be over 1 hectare in size or will accommodate 25 or more dwellings, and comply with the criteria set out in the policy.

- 6.6 Sites which are smaller than 1 hectare but which are capable of accommodating 25 or more dwellings are of particular value in terms of affordable housing provision because they tend to be located within existing urban areas rather than on their fringes, and to be well related to public transport routes and have ready access to a wide range of services and facilities without the use of a private vehicle. These are also sites which the District Planning Authority considers are likely to come forward earlier in the plan period than the larger fringe or urban edge sites – where lead times to development may be lengthy – thereby enabling the supply of affordable housing to be maintained throughout the plan period.
- 6.7 Any developer or landowner contemplating the purchase or development of either an allocated housing site (see Policy H1 of this plan and the accompanying schedule), or a site to be used for housing purposes is strongly advised to make early contact with the District Planning Authority to identify the full proportion of affordable housing needed in a particular location and to discuss the appropriate unit mix, tenure, type and acceptable registered social landlords.
- 6.8 For the purposes of this section of the Plan and Policy H4 which follows, the District Planning Authority defines affordable housing as that which meets the need of:
 - (a) Households with a gross household income which is less than 1/3 of their mortgage requirement; or
 - (b) Households in, or requiring, privately rented accommodation where this would take up more than 35% of their gross income.

This definition of affordable housing includes low cost market housing that meets the test of affordability.

- 6.9 In this context the relevant mortgage requirement or rent level is for a dwelling of the size needed by the household in question in accordance with the District Housing Authorities occupancy definitions.
- 6.10 Planning obligations will be sought to secure the 20% indicative target level of affordable housing provision on sites of 1 hectare or over or where 25 or more dwellings are proposed.

POLICY H4

PROVISION OF AFFORDABLE HOUSING WILL BE SOUGHT ON ALL SUITABLE RESIDENTIAL SITES, NAMELY THOSE:

- (i) SITES OF 1 HA OR MORE IN SIZE, OR WHERE ERECTION OF 25 OR MORE DWELLINGS IS PROPOSED; AND**
- (ii) THAT CAN ACCOMMODATE AN APPROPRIATE MIX OF TYPES AND SIZES OF HOUSING; AND**
- (iii) THAT ARE SUITABLE IN TERMS OF LOCATION, ACCESS TO LOCAL FACILITIES, SERVICES AND PUBLIC TRANSPORT; AND**
- (iv) WHERE PROVISION OF AFFORDABLE HOUSING WOULD NOT PREVENT IMPLEMENTATION OF THE PROPOSAL, OR REALISATION OF OTHER PLANNING OBJECTIVES THAT SHOULD BE GIVEN HIGHER PRIORITY.**

THE LEVEL AND TYPE OF AFFORDABLE HOUSING TO BE PROVIDED ON A PARTICULAR SITE WILL BE A MATTER FOR NEGOTIATION BETWEEN THE COUNCIL AND THE DEVELOPER, TAKING INTO ACCOUNT THE INDICATIVE TARGETS SET IN THIS PLAN, AND THE NATURE OF THE PROPOSED DEVELOPMENT. PLANNING OBLIGATIONS WILL BE SOUGHT, OR CONDITIONS APPLIED TO PLANNING PERMISSIONS, TO ENSURE THAT AFFORDABLE HOUSING IS PROVIDED, AND THAT INITIAL AND SUBSEQUENT OCCUPANCY IS RESTRICTED TO PEOPLE IN NEED OF SUCH HOUSING IN SOUTH BEDFORDSHIRE. PROVISION CAN BE SECURED BY THE TRANSFER TO THE DISTRICT COUNCIL, OR SOCIAL HOUSING AGENCY⁽¹⁾ NOMINATED BY THEM, OF DISCOUNTED LAND; OR BY MAKING AVAILABLE COMPLETED DWELLINGS TO OCCUPIERS NOMINATED BY THE DISTRICT COUNCIL. IN EXCEPTIONAL CASES, AS AN ALTERNATIVE IT MAY BE ACCEPTABLE FOR THE DEVELOPER TO MAKE AN EQUIVALENT CONTRIBUTION IN CASH TO THE DISTRICT COUNCIL, TO ENABLE PROVISION OF AFFORDABLE HOUSING ON AN ALTERNATIVE SITE.

Continued...

POLICY H4 (Cont'd...)

FOR THE PURPOSES OF THIS POLICY, AFFORDABLE HOUSING IS DEFINED AS THAT WHICH IS OF THE SIZE AND TYPE REQUIRED TO MEET THE NEEDS OF HOUSEHOLDS WHERE:

- (i) GROSS HOUSEHOLD INCOME IS LESS THAN 1/3 OF MORTGAGE REQUIREMENT; OR**
- (ii) RENTING PRIVATELY WILL TAKE MORE THAN 35% OF GROSS HOUSEHOLD INCOME.**

NOTE:

- (1) Social Housing Agency means a housing association or Registered Social Landlord registered by the Housing Corporation.
- (2) The District Council will regularly monitor the need for affordable housing in the District. The level of need and tenure preference is likely to vary over time and from location to location. Working from the basis of the guidelines in this plan, the most up to date data available will be used to determine the precise number of affordable dwellings needed in a particular location or on a particular site. Landowners and developers are advised to make early contact with the District Planning Authority to discuss the appropriate level of affordable housing provision and mechanism to secure it.

Appendix B – Extract from the Strategic Housing Market Assessment 2015

Affordable Housing Tenure

- 5.21 Within the overall need of 14,600 affordable homes identified by the model, it is possible to consider the mix of different affordable housing products that would be appropriate based on the mix of households needing affordable housing.
- 5.22 In order to profile the affordability of the mix of households needing affordable housing, income data from the English Housing Survey and ONS Survey of Personal Incomes has been combined and modelled to establish the income distribution by household type and age in the two local authority areas. This excludes any income from housing benefit, as the analysis seeks to determine to what extent housing benefit would be needed by households in each group.
- 5.23 Figure 69 sets out the housing mix in terms of property type, size and affordable housing tenure in each of the local authority areas. The analysis is based on two scenarios:
- » Spending up to 25% of gross household income (excluding housing benefit) on housing costs; and
 - » Spending up to 35% of gross household income (excluding housing benefit) on housing costs.

		Up to 25% of gross income			Up to 35% of gross income		
		Central Bedfordshire	Luton	TOTAL	Central Bedfordshire	Luton	TOTAL
AFFORDABLE RENT							
Flat	1 bedroom	640	220	860	600	190	790
	2+ bedrooms	740	1,040	1,780	660	850	1,510
House	2 bedrooms	1,850	950	2,800	1,630	790	2,420
	3 bedrooms	2,420	2,980	5,400	2,080	2,520	4,600
	4+ bedrooms	460	960	1,420	400	840	1,240
Sub-total		6,110	6,150	12,260	5,370	5,190	10,560
% of affordable housing		83%	85%	84%	73%	72%	72%
INTERMEDIATE AFFORDABLE HOUSING							
Flat	1 bedroom	80	40	120	120	70	190
	2+ bedrooms	170	200	370	250	390	640
House	2 bedrooms	420	190	610	640	350	990
	3 bedrooms	580	550	1,130	920	1,010	1,930
	4+ bedrooms	70	110	180	130	230	360
Sub-total		1,320	1,090	2,410	2,060	2,050	4,110
% of affordable housing		17%	15%	16%	27%	28%	28%
TOTAL DWELLINGS		7,400	7,200	14,600	7,400	7,200	14,600



Central Bedfordshire

A great place to live and work

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